



Member FDIC

January 29, 2004

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

RE: Proposed Rules, New Clear and Conspicuous Requirements for
Disclosures in Regulations B, DD, E, Z, and M.
Docket No. R-1168 Regulation B (ECOA)
Docket No. R-1171 Regulation DD (Truth in Savings)
Docket No. R-1169 Regulation E (Electronic Fund Transfers)
Docket No. R-1167 Regulation Z (Truth In Lending)

Sent via e-mail to - regs.comments@federalreserve.gov

Dear Ms. Johnson:

I am writing in regards to the above referenced dockets and proposals concerning Clear and Conspicuous Requirements for Disclosures in Regulations B, E, M, Z and DD. This proposal was published in the Federal Register in November 2003, and mentioned in a Federal Reserve Press Release dated November 26, 2003.

National Penn Bancshares, Inc. is a \$3.4 Billion financial services holding company headquartered in Boyertown, Pennsylvania, with a variety of subsidiaries including National Penn Bank, a mortgage company, a broker-dealer, trust company and insurance agencies. We currently have over 900 employees, and over 65 Community Offices located in southeastern Pennsylvania.

I am writing to urge you **not to adopt this proposal** without further consideration. I have listed my reasons below:

Unclear standards, encouragement of lawsuits

The proposal adopts a standard definition of "clear and conspicuous" that makes it noticeable to the consumer, but also adds a new term of "reasonably

understandable". The "clear and conspicuous" concept is familiar and we agree with this concept. In my opinion, the new term ("reasonably understandable") goes beyond the current definitions, particularly on Regulation Z, and may allow this component to be open to subjective interpretation depending upon the circumstances. Additionally, terms such as "wide margins", "explanations that are imprecise", "legal terminology", "highly technical business terminology", "ample line spacing" are unclear, particularly in regards to Regulation Z disclosures. The subjectivity will no doubt encourage civil lawsuits.

Expensive implementation costs

While some of the changes may be easily implemented, others will require considerable effort and costs for the bank in re-drafting of disclosures, changing policies, procedures, systems, training, and processes across the entire organization. For several of the regulations, we are completely at the mercy of a variety of software vendors to make upgrades and enhancements, in order to have loan, or deposit disclosures available for consumer use. We would have to review every disclosure required under all of the regulations for all of the bullet points, margins, and "everyday language". This would be a subjective process, subject to interpretation, not to mention the cost of systems and reprinting of disclosures.

Negligible benefit to consumers

While there may be some benefits to having consistency, where possible, I can see no clear need from a consumer's viewpoint to make changes in the existing disclosures. The requirements will no doubt lengthen the disclosures, increasing the likelihood that consumers will ignore them and/or complain about the volume of paperwork required. Plus some disclosures are placed on the reverse side of statements and notices; in several cases this would lengthen the disclosure to the point where additional pages would be required, thereby incurring additional postage. As most banks do, we give the disclosures and verbally explain their contents to the consumer; as a result we have not received any complaints regarding a need to make this clearer, or more consistent.

As an OCC bank, we feel the provisions for debt cancellation and debt suspension agreements are adequate and do not require further clarification.

In conclusion, I do not feel there is a regulatory need to make changes to the disclosure requirements of regulations B, E, M, Z and DD. In this letter, I have outlined some areas where I feel clarification or specific guidance may be warranted. I appreciate your consideration of my comments. Should anyone have questions concerning the comments, I may be reached during business hours at (610) 369-6185.

Sincerely,

Debra A. Wetzel, MBA, CIA, CRCM, CRP
Vice President and Compliance Officer

CC: jbyrne@aba.com
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